

**AIR SERVICES AGREEMENT
BETWEEN UNITED AIRLINES AND
CITY OF COLUMBIA**

This Agreement ("Agreement") is entered into on this _____ day of September 2012, by and between UNITED AIRLINES, INC. ("United"), a Delaware corporation having its principal offices at 77 W. Wacker Drive, Chicago, Illinois 60601 and with the City of Columbia, Missouri ("Guarantor") with principal offices located at 701 E Broadway, Columbia, Missouri, 65201.

WHEREAS, the Guarantor has an interest in promoting air service to and from Columbia Regional Airport ("COU");

WHEREAS, United is a certified air carrier conducting scheduled and unscheduled flight operations within the U.S. and between the U.S. and a number of foreign locations;

WHEREAS, Guarantor desires to increase access to and from COU from and to locations where United operates so as to benefit the citizens of the surrounding community and Guarantor's interest therein;

WHEREAS, Guarantor desires to secure new and/or additional air transportation service to COU and has requested that United commence operating scheduled non-stop air service between Chicago O'Hare International Airport ("ORD") and COU, and in connection therewith Guarantor is prepared to compensate United and to make certain concessions; and

WHEREAS, United desires to provide the foregoing service on the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, subject to the foregoing and to the obtainment of appropriate governmental authorizations, United is willing to operate scheduled air service between ORD and COU;

NOW, THEREFORE, in consideration of the mutual promises made herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Schedule to be Operated. Starting XXX, 2013 United will operate, or cause to be operated, scheduled round-trip air service between ORD and COU with the aircraft indicated, as follows:

- ORD-COU – Operates with regional jet 50 seat aircraft (50 coach class seats). Departs ORD at approximately 10:00 a.m. and arrives COU at approximately 11:20 a.m. and departs COU at approximately 12:00 p.m. and arrives ORD at approximately 1:30 p.m. Second flight departs ORD at approximately 8:00 p.m. and arrives COU at approximately 9:20 p.m. and departs COU at approximately 6:00 a.m. and arrives ORD at approximately 7:30 a.m.

Flights between ORD and COU are hereinafter referred to as the "COU Flights". At its discretion, United may change the schedule or aircraft operating the COU Flights. COU Flights will be operated under the

direction and control of United and/or a United Express operator and Guarantor shall have no right to make decisions with respect to the operation of the COU Flights.

2. Air Fares. United agrees to establish fares for the COU Flights that are consistent with United's current internal pricing strategies while remaining competitive within the airline industry generally.

3. Financial Performance Guaranty. During the period that United is operating the COU Flights, the Guarantor will unconditionally guaranty that United will receive "Minimum Revenues" (as such term is defined in item A below) for operating the COU Flights equal to:

(A) the sum of (i) US \$11,715 per round-trip ("round-trip cost"), (ii) US \$4.97 per round-trip revenue passenger ("Passenger Charge") and (iii) 1.0% of passenger revenue ("Revenue Charge"). (Sum under Section 3(A) hereinafter being the "Guaranteed Amount" and also the "Minimum Revenues").

To the extent that during the period that United is operating the COU Flights, United receives less than the Guaranteed Amount in Revenue from the COU Flights, Guarantor will pay to United an amount equal to the difference between the Guaranteed Amount applicable to the COU Flights and the amount of Revenue actually received by United from operating the COU Flights (the aggregate difference being the "Guaranty Payment").

For purposes of this Agreement, Revenues are the total segment revenues related to the COU Flights, including passenger, baggage, cargo and any other revenue as determined in accordance with United's standard accounting practices.

Guarantor will not be required to pay any amount of the Guaranty Payment with respect to the COU Flights in excess of US \$3,000,000 ("MRG Cap Payment") for the term. Guaranty Payments will be billed quarterly and will be due within thirty (30) days of receipt of invoice therefore. Any quarterly Guaranty Payment that results in a surplus for Guarantor will not be applied to previously invoiced payments.

4. Cost of Service.

A. The City of Columbia agrees to waive all landing fees and terminal rents for flights between ORD and COU for a period of one year from the start date. Any landing or terminal fees or rents billed within the first 12 months of service will be added to the Guarantee Payment and the MRG Cap Payment.

B. United shall bear all other costs of providing the service described and provided for in this Agreement, including by way of illustration but not by way of limitation, the costs of all required aircraft, equipment and facilities (including facilities for ticketing, baggage handling, and like services); personnel; ground costs, including use charges; credit card commissions; travel agent commissions; deicing; and fuel ferrying.

C. United and Guarantor acknowledge that United may be required to cancel or divert flights due to mechanical problems, weather conditions, or other circumstances beyond the reasonable control of United. If circumstances or conditions result in canceled or diverted COU Flights, United, at its sole cost, shall have the obligation to provide alternate air and/or ground

transportation to COU, from the airport which the flight diverted to, for passengers who are ticketed on COU Flights to COU via the most expeditious manner reasonably available.

D. The round-trip cost referred to in Section 3 hereof is based on United's cost of jet fuel (into plane) of \$3.22 per gallon. The parties will adjust the round-trip cost and hence the Guaranteed Amount owed on a cent for cent basis to the extent the monthly average cost of fuel varies, either up or down, from the stated \$3.22 per gallon to take into account changes in the price of fuel. At the end of each month, United will determine, through United's Flight Profitability System (FPS), the monthly average cost of jet fuel per gallon for the COU Flights. If the FPS cost of jet fuel for COU Flights varies from the \$3.22 per gallon estimated cost, the round-trip cost will be adjusted by \$10 per penny difference from \$3.22 for that month, so long as the MRG Cap Payment is not exceeded. For example: If United determines that the average cost of jet fuel (into plane) in December is \$3.24 per gallon, then the round-trip cost in December will reflect an increase of \$20 per each round-trip.

E. The third-party fuel service fee will be \$0.25 per gallon, provided United averages at least 4,000 gallons of fuel per week. Any charges above \$0.25 will be added to the Guarantee Payment and the MRG Cap Payment.

6. Marketing Support. Guarantor will work with United in good faith to market the COU Flights in a mutually beneficial cost-effective manner. In furtherance thereof, Guarantor will give United prominent placement (such placement to be, in any event, no less than that received by any other carrier) in any marketing campaign conducted by Guarantor to promote similar service to and from COU. Additionally, Guarantor will provide \$250,000 in marketing funds to promote the new service.

7. Government Authority and Slot Availability. United's ability and willingness to operate the COU Flights is contingent on United's being able to maintain all necessary governmental approvals to operate the COU Flights, access to departure and arrival slots that are acceptable to United and ticket counter and other facilities that are acceptable to United.

8. Term. The term of this Agreement shall commence on the date first written above and shall continue, unless terminated earlier as provided herein, until 9 calendar quarters from the start date.

9. Termination. Either party may, in addition to the exercise of any rights that it may have at law and/or in equity under this Agreement, terminate this Agreement upon written notice if the other party fails to perform any of its material obligations under this Agreement and such failure continues unremedied during the 10 day period following the receipt by the breaching party of the notice of termination. United may terminate this agreement with 90 days notice if 80% of the MRG Cap Payment is achieved. In addition, this Agreement will terminate if United ceases to hold the governmental authorities or slots necessary to operate the COU Flights.

10. Force Majeure. United shall have no obligation to operate the COU Flights, where cessation of such flights is due to an event or events beyond United's reasonable control, including, without limitation, equipment failures, air traffic control, governmental actions, strikes and Acts of God.

11. Audit. Upon reasonable notice, the Guarantor, at its expense, shall have the right to audit and inspect, at United's offices during normal business hours, United's books and records as they related to the determination of Revenue on the COU Flights for the sole purpose of ensuring that, in determining

the amount of Revenue, United is utilizing the same methodology as is applied to all of United's similar routes.

12. Confidentiality. No party hereto may disclose to a third party any part of this Agreement, any information pertaining to the specific contents of this Agreement or any proprietary information received from the other party pursuant to this Agreement unless such information shall have already become publicly known without breach of this provision or unless required to do so pursuant to applicable law, regulation, governmental order or subpoena, provided that in the case of any such law, regulation, governmental order or subpoena the parties will consult in good faith as to how to proceed with the aim of taking all appropriate action to limit the scope of such governmental order or subpoena and/or obtain confidential treatment for any material required to be disclosed in response thereto. The parties shall agree upon the timing and content of any public disclosure or press release relating to this Agreement or the COU Flights and no such public disclosure or press release shall be made or issued that has not been agreed upon by the parties hereto. Neither party shall have the right to use the other party's name, logo or other marks without the express written permission of the other party.

13. Indemnification and Hold Harmless. Each party shall indemnify and hold harmless the other party, and its officers, directors, employees and agents from all liabilities, damages, losses, claims, suits, judgments, costs and expenses, including reasonable attorneys' fees, directly or indirectly incurred by the other party from claims by third parties as the result of or arising out of or in connection with its respective products or services supplied in connection with this Agreement, to the extent allowed by law.

14. Insurance.

A. United. At all times during the term of this Agreement, United shall carry and maintain, at its sole cost and expense, airline liability insurance with aggregate limits of at least \$250,000,000 USD for personal injury (including without limitation bodily injury and death) and property damage. If so requested by Guarantor, United will furnish Guarantor within thirty (30) days of such request an insurance certificate which: (i) includes the insurer's commitment to give Guarantor not less than 30 days prior written notice in the event of cancellation or material adverse change in coverage; (ii) indicates that such insurance shall not be invalidated by any action or inaction of United and shall insure Guarantor regardless of any breach or violation of any warranty, declaration, or condition contained in such policies by United; (iii) shall name the Guarantor hereunder as an additional insured; and (iv) indicates that such coverage is primary to any other coverage of or available to the insurance of the Guarantor for any claims based upon United's flight or ground operations.

B. Guarantor. At all times during the term of this Agreement, Guarantor shall carry and maintain, at its sole cost and expense, commercial general liability insurance with aggregate limits of at least \$10,000,000 USD for personal injury (including without limitation bodily injury and death) and property damage. If so requested by United, Guarantor will furnish United within thirty (30) days of such request an insurance certificate which: (i) includes the insurer's commitment to give United not less than 30 days prior written notice in the event of cancellation or material adverse change in coverage; (ii) indicates that such insurance shall not be invalidated by any action or inaction of Guarantor and shall insure United regardless of any breach or violation of any warranty, declaration, or condition contained in such policies by Guarantor; (iii) shall name United hereunder as an additional insured. Guarantor shall also name United as additional insured and provide a waiver of subrogation in favor of United Airlines, Inc. This provision is not intended to usurp the statutory immunities granted to any civil authority.

15. Miscellaneous. This Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof. This Agreement or any provision of this Agreement may not be amended, modified or waived except by a written agreement signed by both parties hereto. This Agreement may not be assigned by either party hereto without the written consent of the other party; provided that United may assign this Agreement without such consent to an air carrier that is its corporate affiliate or successor without such consent. THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUED IN ACCORDANCE WITH THE SUBSTANTIVE LAW OF THE STATE OF ILLINOIS. The parties hereto represent that they have the authority to enter into this Agreement.

IN WITNESS WHEREOF, United and Guarantor have each caused this Agreement to be signed and delivered by its duly authorized representative, all as of the date first written above.

UNITED AIRLINES, INC.

City of Columbia (City Manager)

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____